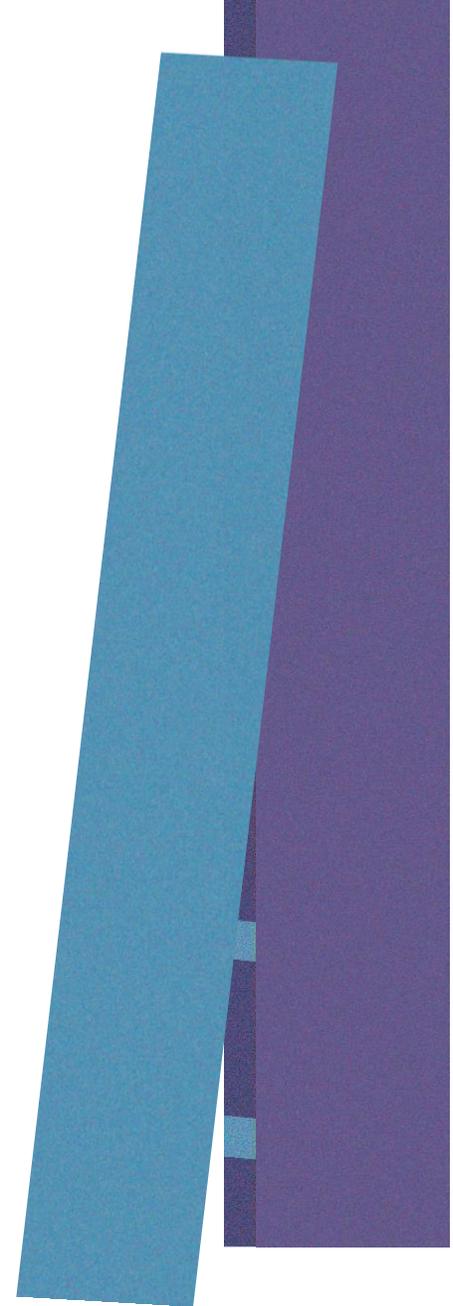


MUNICIPAL DISCLOSURE | MARCH 28-29, 2023

LAKE NATOMA INN | FOLSOM, CALIFORNIA



Session 4

Agency Approaches to Disclosure Management

Derek Hansel, Chief Financial Officer, Bay Area Metro

Jenna Magan, Partner, Public Finance,
Orrick Herrington & Sutcliffe LLP

Jyothi Pantulu, Debt Manager, City of San Diego

Sam Smalls, Treasury & Debt Manager,
Metropolitan Water District of Southern CA



The BATA Continuing Disclosure Journey



March 28, 2023

Derek Hansel
Chief Financial Officer

The BATA Debt Portfolio

- An extremely strong credit, underpinned by excellent metrics, high income service area, limited competition, and prudent fiscal management
 - Highest rated toll entity in the country
 - AA level ratings from all three major rating agencies
- Large (\$9.6B), diverse, and flexible debt portfolio, including:
 - Fixed and variable rate
 - Taxable and tax-exempt
 - Senior and subordinate liens
 - Build America Bonds (BABs)
 - Interest rate derivatives
- Regular issuer of debt – as such, very frequent initial disclosure, with much more information than required under continuing disclosure agreements (CDAs)



Disclosure – What we do well

- Diligent in meeting requirements of CDAs
- Responsibly developed, well-reviewed, and clear primary market disclosure
- Presentation of relevant information in ACFR statistical section
- Ensure that bond counsel is part of the continuing disclosure discussions (including discussion of issues of potential materiality)
- Rating agency relationships
- Beginning to provide voluntary disclosure to broader market



Disclosure – Where are we going?

- Formalize currently informal procedures into clearly articulated policies for both primary and continuing disclosure
- Development of investor website that is equally accessible to institutional and retail investors
- Increase amount and timeliness of information provided to the market regularly – not just through primary disclosure
- Formation of “disclosure working group” – appropriate individuals are currently preparing/reviewing primary disclosure information, and reviewing certain ACFR information – need to improve timeliness of review in conjunction with other goals, and ensure key parties are together in the review process



City of San Diego

Approaches to Disclosure Management

March 28, 2023

Jyothi Pantulu
Department of Finance
Assistant Director – CIP and Debt Management



- Approximately \$3.3 billion in outstanding debt
- Three major credits

General Fund
<ul style="list-style-type: none">• Lease Revenue Bonds, capital leases
<ul style="list-style-type: none">• \$729 million• AA-

Water Utility
<ul style="list-style-type: none">• Water Revenue Bonds, State and Federal Loans
<ul style="list-style-type: none">• \$1.121 billion• AA/AA-

Sewer Utility
<ul style="list-style-type: none">• Sewer Revenue Bonds, State Loans
<ul style="list-style-type: none">• \$814 million• AA+/AA

- Other outstanding debt includes Special Districts, Tobacco bonds, Successor Agency/RDA bonds

- Disclosure Practices Working Group Controls & Procedures (also incorporated into City's Debt Policy)
 - Provides for working group of high-level staff with broad view and insight into issues affecting the City, and outside General City Disclosure Counsel to review all disclosure documents prior to dissemination
- Post Issuance Compliance Monitoring Program
 - Comprehensively covers post- issuance compliance items, including continuing disclosure annual reports, and event filings
 - EMMA filing Procedures
 - Disclosure Filings Check List
 - Disclosure Filings Database



Primary and Secondary Disclosures

Primary Disclosures

- Financing group including transaction disclosure counsel, City finance attorney and Dept of Finance Staff discuss content, sources of information, outreach for information to contributing departments
- Identify new/emerging topics
- Financing Team reviews drafts
- DPWG review and sign-off
- Certification process prior to City Council approval and market dissemination

Secondary Disclosures

- Calendar events when possible/applicable
- Identify responsible staff at issuance for potential event filings
- Discuss materiality when applicable with City Finance Attorney and City General Disclosure Counsel



Metropolitan Water District of Southern California

Our Integrated Approach to Disclosure Management

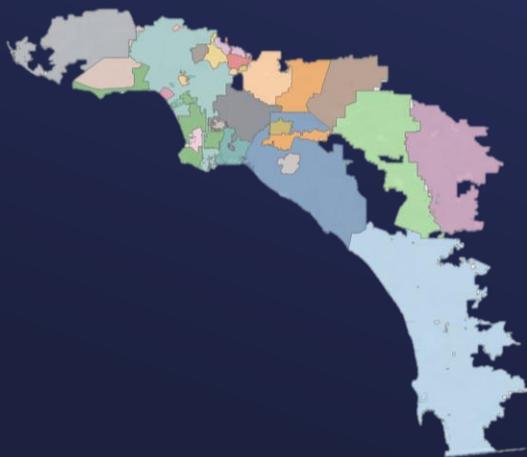
March 28, 2023

Sam Smalls
Office of the CFO
Treasury and Debt Management

Background

MWD or Metropolitan

*...was formed in 1928
pursuant to a state act to
provide regional water supply
to Southern California*



Who We Are...

- MWD is a California regional planner, owner, operator and wholesale distributor of water
- Serve 19 million people across six Southern California counties
- We are a voluntary cooperative of 26 member agencies
- We are governed by a 38-member board of directors, comprised of representatives of our Member Agencies
- MWD is the largest distributor of treated drinking water in the U.S.

Metropolitan's Debt Profile

Debt Overview

MWD has a diverse debt portfolio

With nearly \$3.7 billion of outstanding revenue bonds, \$373 million of outstanding swaps, and a revolving credit line of \$225 million...all spanning across four distinct credit tiers

Outstanding Bond Principal as of March 1, 2023				
	Fixed	Variable	Synthetically Fixed	Total
Senior Lien (AAA/Aa1/AA+)	\$2,120.3MM	\$331.9MM	N/A	\$2,452.2MM
Subordinate Lien (AA+/AA+)	\$712.8MM	\$493.4MM	N/A	\$1,206.2MM
Total Revenue Bonds	\$2,833.1MM	\$452.6MM	\$372.7MM	\$3,658.4MM
General Obligation Bonds (AAA/Aaa/AA+)	\$19.2MM	\$0.0MM	N/A	\$19.2MM
Total Bonds	\$2,852.3MM	\$452.6MM	\$372.7MM	\$3,677.6MM

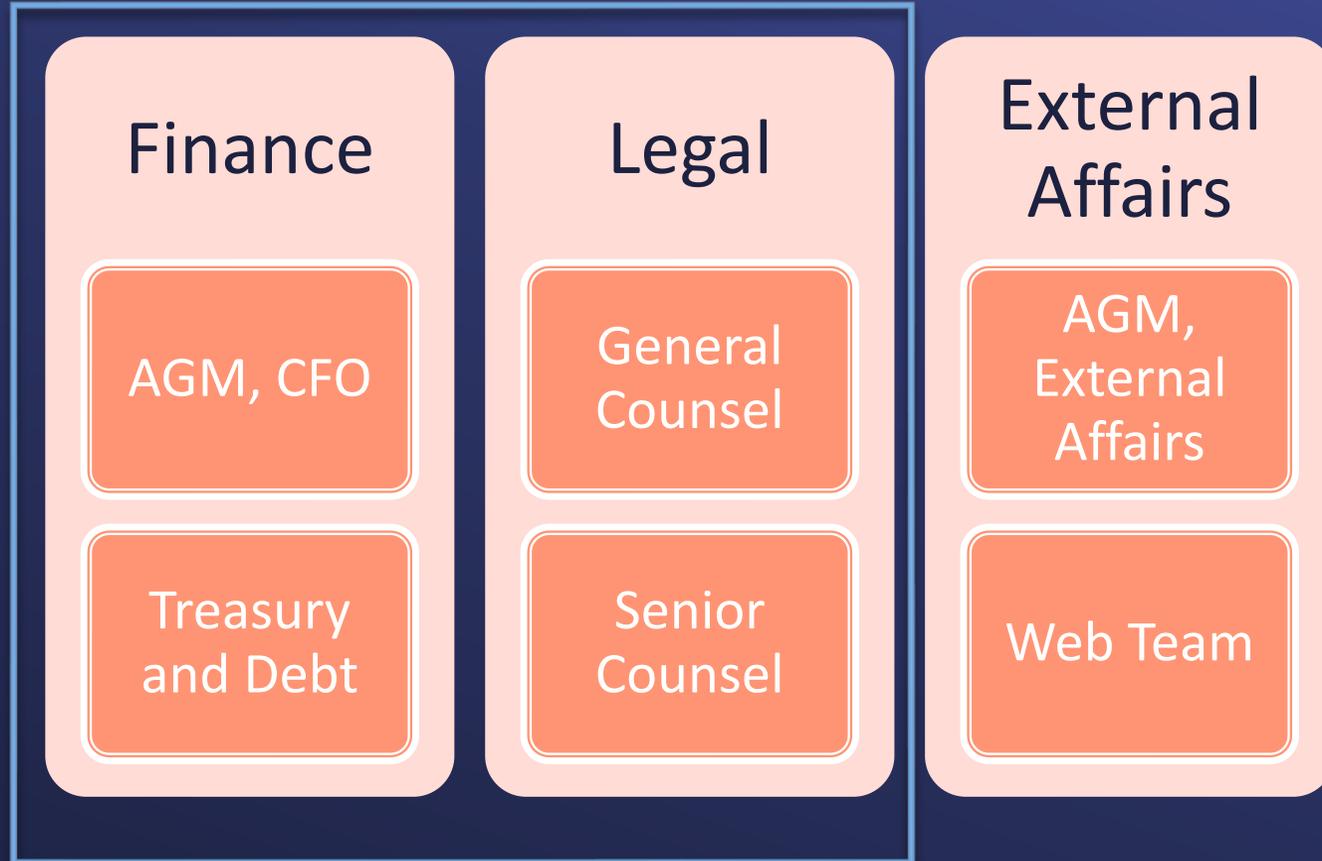
Disclosure Overview

A Centralized Yet Integrated Approach

Metropolitan's Finance team partners with its Legal team (internal and external) through an official Disclosure Working Group to ensure we provide accurate and timely responses related to our public disclosure requirements

Organizational Chart

Disclosure Working Group (DWG)



Disclosure Program Components

MWD has developed a robust set of disclosure practices

Metropolitan's Disclosure Practices

- Written Disclosure Policies and Procedures
- Periodic Disclosure Trainings
- Establishment of a Disclosure Working Group
 - Including compliance with contractual obligations necessitated by SEC Rule 15c2-12
- Work with a dedicated Disclosure Counsel
- Periodic Update of Disclosure Practices



Does your organization have
written disclosure policies?

**Does your organization have
written disclosure policies?**

What process does your organization use to update offering documents at the beginning of a transaction?

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What process does your organization use to update offering documents at the beginning of a transaction?

COVID disclosure is one of the more recent hot topics in disclosure.

Can each of you describe how your organization addressed COVID disclosure during the pandemic and more recently?

How does your organization handle advising public officials on public statements relating to financial condition, especially during the time with you are in the market with a new deal?

Does your organization
provide disclosure training to
staff, board and executive
management?

**Does your organization
provide disclosure training to
staff, board and executive
management?**

Does your organization
provide information for
investors on your websites or
on EMMA only or both?

A vertical yellow bar is located on the left side of the slide, extending from the top to the bottom.

**Does your organization
provide information for
investors on your websites
or on EMMA only or both?**

Does your organization
include disclosure on cyber
security matters in your
offering documents?

**Does your organization
include disclosure on
cyber security matters in
your offering documents?**

Do your organizations have any time periods during the year that you avoid being in the market with a bond deal?



**Do your organizations
have any time periods
during the year that you
avoid being in the market
with a bond deal?**

Have any of you experienced a disclosure issue that came up between pricing and closing?

How are your organizations dealing with ensuring compliance with Events 15 and 16 related to financial obligations?

How do you determine materiality?

Has your organization issued any bonds as green or social bonds?

**Has your organization
issued any bonds as
green or social bonds?**

A solid yellow vertical bar is located on the left side of the slide, extending from the top to the bottom.

Questions?